

MINUTES OF MEETING OF BOARD OF DIRECTORS
JULY 18, 2019

THE STATE OF TEXAS
COUNTY OF HARRIS
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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The Board of Directors (the "*Board*") of Harris County Municipal Utility District No. 132 (the "*District*") met in regular session, open to the public, at The Overlook, 20114 Pinehurst Drive, Atascocita, Texas, 77346, on July 18, 2019 at 6:00 p.m.; whereupon the roll was called of the Board, to-wit:

Tim Stine, President
Don House, Vice President
Jerrel Holder, Secretary
Michael Whitaker, Assistant Secretary
Gregg Mielke, Assistant Secretary

All members of the Board were present, thus constituting a quorum. Also attending all or parts of the meeting were Mr. Matt Froehlich of BGE, Inc., engineer for the District; Ms. Lina Loaiza of Bob Leared Interests, Tax Assessor and Collector for the District; Ms. Karrie Kay of Myrtle Cruz, Inc. ("MCI"), bookkeepers for the District; Mr. Allen Jenkins of Inframark ("Inframark"), operator of the District's facilities; and Ms. Kathleen Ellison and Ms. Brenda Presser of Norton Rose Fulbright US LLP ("NRF"), attorneys for the District.

Call to Order. The President called the meeting to order in accordance with notice posted pursuant to law, copies of certificates of posting of which are attached hereto as *Exhibit "A"*, and the following business was transacted:

1. **Public Comments.** There were no comments from the public.
2. **Minutes.** Proposed minutes of the regular meeting of June 20, 2019, previously distributed to the Board, were presented for approval. Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the meeting of June 20, 2019, as presented.
3. **Review Tax Collector's Report and authorize payment of certain bills.** The President recognized Ms. Loaiza, who presented the Tax Assessor and Collector's Report, previously distributed to the Board, a copy of which is attached hereto as *Exhibit B*. She reported that 99.0% of the District's 2018 taxes have been collected to date.

Ms. Loaiza reviewed a Delinquent Tax Report from the District's delinquent tax attorneys, attached as *Exhibit B-1*. No action is requested of the Board.

Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Tax Assessor and Collector's Report and to authorize payment of check numbers 1447 through 1457 from the Tax Account to the persons, in the amounts, and for the purposes stated in the report.

4. **Review Bookkeeper's Report, authorize payment of bills and approve Investment Report.** The President recognized Ms. Kay, who reviewed the Bookkeeper's Report

as of July 18, 2019, the Investment Report, and the Deposit Collateral Report, previously distributed to the Board and attached as *Exhibit C*.

Upon motion by Director House, seconded by Director Whitaker, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Bookkeeper's Report and to authorize payment of check numbers 10425 through 10450 from the Operating Account to the persons, in the amounts, and for the purposes stated therein.

5. Report on mowing and detention maintenance services. Director Stine reported on three invoices paid to Stuckey's. President Stine stated that the Rebawood Water Plant did not look mowed and the weeds were not whacked at the lift station. He said he was not sure the drainage ditch was mowed in April.

6. Discuss and take appropriate action regarding Rate Order changes related to revised Operator Miscellaneous Service Rate. President Stine reported that he and Ms. Ellison have been reviewing the Rate Order related to the Operator's revised service rates.

President Stine reviewed a handout related to fees for new account set up, confidentiality letter, meter disconnect/reconnect, late fees, delinquency notice letter and door hangers, a copy is attached as *Exhibit D*. Discussion ensued as to how to address these costs in the District's Rate Order. It was the consensus of the Board to combine various fees under a combined Application Fee of \$55.00.

Discussion ensued regarding late fees and it was suggested that 10% of billed amount plus \$20.00 be considered as a penalty on delinquent payments.

President Stine stated that a draft of the Rate Order that incorporates the discussed revisions will be distributed to the Board for review prior to approval.

7. Review Operations Report and authorize District maintenance and termination of delinquent account. The President recognized Mr. Jenkins, who reviewed the Operations Reports for June 2019, a copy of which is attached as *Exhibit E*. He reported an 89% accountability for the period May 23, 2019 through June 25, 2019.

Mr. Jenkins reviewed the Major Maintenance Summary for June 2019.

Mr. Jenkins reviewed the delinquent list. He reported that 87 letters were mailed, 36 delinquent tags were hung, and 12 accounts were disconnected for non-payment.

Mr. Jenkins reported that the stator has shorted out the turn-to-turn on Mixer Nos. 1 and 2 (the "Mixers") at Lift Station No. 1. He stated that Electric Motor Specialists has assessed the repairs on the Mixers, noting that they need new seals, bearings, balancing and O-rings. Mr. Jenkins reviewed proposals from Electric Motor Specialists for repairs to the Mixers and estimated net costs for repairs are \$8,479.00 for each mixer. Discussion ensued and Mr. Jenkins reported that replacement cost is approximately \$15,954.00 for each mixer. Mr. Jenkins reported that Director Holder had provided information he received at the Association of Water Board Directors Summer Conference from Precision Pump Systems ("PPP"). He explained that PPP provides mixers that use air rather than water and have fewer mechanical parts. Discussion ensued regarding maintenance for clean out and Mr. Jenkins reported that vactoring out the top and bottom of the Lift Station will be required with either product. Mr. Jenkins presented and reviewed a proposal from Precision Pump Systems for a pedestal style mixer with air unit and electrical

panel for a cost of approximately \$6,500.00. Upon motion by Director Holder, seconded by Director House, after a full discussion and the question being put to the Board, the Board voted unanimously to authorize Inframark to pull the damaged mixers and approve the proposal from PPP for new mixers and aerator panels. A copy of PPP's proposal is attached as *Exhibit E-1*.

Mr. Jenkins presented photographs of a sinkhole on Sweet Gum. Discussion ensued and the Board concurred to make repairs.

Upon motion by Director Mielke, seconded by Director Holder, after full discussion and the question being put to the Board, the Board voted unanimously: (1) to approve the Operations Report; and (2) to approve termination of the delinquent accounts in accordance with the terms of the District's Rate Order.

8. Review Engineer's Report, authorize necessary capital projects and authorize capacity commitments. The President recognized Mr. Froehlich who reviewed the Engineer's Report, a copy of which is attached hereto as *Exhibit F*.

Mr. Froehlich reported that construction contracts are ready for signature for the Water Plant No. 2 West Discharge Line Project. He presented and requested approval of a proposal to provide construction materials testing service from Ninyo & Moore for approximately \$11,800.00, subject to review by legal.

Mr. Froehlich updated the Board on the Waterline Replacement, Phase 1 and reported that the outstanding issue with the City of Houston (the "City") has been resolved. He stated that a variance is not required since the majority of the waterline will be located in the right-of-way. BGE will proceed with agency submittals and bidding.

Mr. Froehlich reported that plans for the Interconnects with Harris County Municipal Utility District No. 151 ("No. 151") project have been submitted to Harris County and the City of Houston for review. He requested the Board's authorization to advertise for bids upon receipt and review of agency comments.

Following up on the Board's previous discussion last month and authorization to close out the contract for the sanitary sewer repair project at Atascocita Shores and Pines Place Drive, Mr. Froehlich reported that South Texas Utilities & Underground, the contractor performing work on the project, has spent approximately \$30,000.00 in time and materials to date. He noted the original quote for the repair was \$62,667.65 and the subsequent proposal to correct the waterline was an additional \$25,411.98 (total \$88,079.63). Mr. Froehlich discussed the following options with the Board:

- Abort the project and include all repairs with the waterline replacement project; or
- Continue with proposed repairs of the sag in the sewer line and re-routing the waterline; or

Mr. Froehlich reported that AJOB met on Tuesday and the Board authorized BGE to prepare a bid package and solicit bids for the rehabilitation of the two non-potable hydro-pneumatics tank.

Upon motion by Director House, seconded by Director Mielke, after full discussion and the question being put to the Board, the Board voted unanimously to: (1) approve the Engineer's Report; (2) approve the proposal from Ninyo & Moore for \$11,800.00 for construction materials

testing for Water Plant No. 2 West Discharge Line Project; (3) authorize BGE to solicit bids upon receipt of agency approval for the 151 Interconnects; and (4) continue the sewer line sag repair at Atascocita Shores and Pines Place Drive as previously approved and approve the additional \$25,411.98 to relocate the waterline.

9. **Attorney report on claims and pending litigation and authorize necessary action.** President Stine recognized Ms. Ellison, who reported that CenterPoint is demanding \$11,711.00 for damages when Stuckey's crew broke a conduit of a CenterPoint line that was not marked. This occurred when Stuckey's was performing drainage repairs on the golf course and the crew immediately called 311 to report the incident. She stated that the District is not named nor has the District received any correspondence on this request for funds. No action was requested of the Board.

She reported also on an outstanding matter for \$17,000 and reported that Director Stine had requested that NRF send a letter to the contractor.

Ms. Ellison reported on a condemnation action brought by TxDOT for widening of FM 1960 and said the District is named as a party. She said she had asked a condemnation attorney in her firm to look into the matter to make sure the District does not need to answer.

Ms. Ellison noted that the District will need to acquire easements to replace those taken by TxDOT. She recommended that the District move forward to engage an attorney who specializes in condemnation and an acquisition agent so that they can begin the process of acquiring the necessary easements. Ms. Ellison provided an engagement letter for NRF to act as condemnation attorney for 1960 matters and said the Board could consider the item at its next meeting. Ms. Ellison said legal work related to the 1960 widening will be accounted for separately.

10. **Executive Session.** The Board did not convene in Executive Session.

11. **Convene in public session.** The Board did not convene in Executive Session.

12. **Discuss and take action in connection with District communications and website.** There were no matters for discussion and connection on this item.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned.


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The above and foregoing minutes were passed and approved by the Board of Directors on August 15, 2019.



President, Board of Directors

ATTEST:

Asst. 

Secretary, Board of Directors

